

## Message Text

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PAGE 01 CANBER 00655 270706Z  
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08  
NSC-05 TRSE-00 SS-15 STR-06 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 IGA-02 AGRE-00 DOE-11 SOE-02 INT-05  
PA-01 PRS-01 /116 W  
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R 262331Z JAN 78  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC 2257  
INFO AMCONSUL BRISBANE  
AMCONSUL PERTH  
AMCONSUL MELBOURNE  
AMEMBASSY PARIS  
AMCONSUL SYDNEY  
AMEMBASSY TOKYO  
AMEMBASSY WELLINGTON

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USOECD

E.O. 11652: N/A  
TAGS: EALR, ECON, EGEN, ELAB, ELOW, EFIN, AS  
SUBJ: CPI FOR DECEMBER 1977 QUARTER

REF: CANBERRA 7318

1. FIGURES ISSUED JANUARY 26 BY AUSTRALIAN BUREAU OF STATISTICS  
SHOW THAT ALL GROUPS CONSUMER PRICE INDEX (CPI) FOR DECEMBER  
1977 QUARTER ROSE 2.3 PERCENT OVER SEPTEMBER QUARTER. INCREASE  
OVER SAME QUARTER IN PREVIOUS YEAR WAS 9.3 PERCENT. THIS IS  
LOWEST YEARLY RATE IN FIVE YEARS. ALTHOUGH THE QUARTERLY  
INCREASE WAS HIGHER THAN THAT EXPERIENCED IN SEPTEMBER  
QUARTER, THIS IS LARGELY DUE TO INCREASE IN OIL PRICES CAUSED  
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BY GOVERNMENT'S DECISION TO MOVE GRADUALLY TOWARD INTERNATIONAL  
PARITY IN CRUDE OIL PRICING. DESPITE THIS, DECEMBER QUARTER  
RISE HAS TRADITIONALLY BEEN RATHER HIGH AND LATEST  
QUARTER RISE IS LOWEST IN FIVE YEARS.

2. COMMENTING ON THE FIGURES, TREASURER HOWARD SAID  
THAT THE DECEMBER QUARTER RESULT WAS CONSISTENT WITH

EXPECTATIONS AND THAT HE LOOKED FORWARD TO FURTHER  
PROGRESS IN REDUCING INFLATION IN 1978. HE FURTHER  
INDICATED THAT THE GOVERNMENT'S POLICIES OF EXPENDITURE  
AND WAGE RESTRAINT WOULD CONTINUE.

3. ACCORDING TO PRESS REPORTS, THE GOVERNMENT WILL AIM  
FOR A WAGE RISE OF 1.5 PERCENT IN THE NEXT NATIONAL WAGE  
CASE HEARINGS TO BEGIN ON FEBRUARY 7. AS A BASIS FOR  
THIER ARGUMENT FOR WAGE RESTRAINT, THE GOVERNMENT EXPECTED  
TO PUT FORWARD THE CASE THAT THE REVISED TAX SCHEME  
WHICH WILL START ON FEBRUARY 1, WILL PUT MORE MONEY INTO  
THE POCKET OF THE WAGE EARNER THAN FROM ANY RISE GRANTED  
BY THE COMMISSION. GOVERNMENT ALSO EXPECTED TO CONTINUE  
PRESS FOR DISCOUNTING OF DEVALUATION EFFECTS, ESTIMATED AT  
0.23 PERCENT AND FOR DISCOUNTING OF OIL PRICE INCREASES,  
0.3 PERCENT.

4. COMMENT: WHETHER GOVERNMENT WILL BE FULLY SUCCESSFUL  
IN ITS ARBITRATION COMMISSION STRATEGY AND, IF SO, WHETHER  
MORE MILITANT UNIONS DECIDE TO RESPECT COMMISSION'S  
FINDINGS, REMAINS TO BE SEEN. IF GOVERNMENT SUCCEEDS IN  
MANY OF ITS CLAIMS BEFORE COMMISSION PRESSURE FROM  
MILITANTS CAN BE EXPECTED TO BE HIGH.

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RETAIL PRICE INDEXES  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Original Handling Restrictions:** n/a  
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